

UPPER EXPLORERLAND REGIONAL
PLANNING COMMISSION

FINANCIAL REPORT

JUNE 30, 2012

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT		<u>Page</u> 1-2
MANAGEMENT DISCUSSION AND ANALYSIS		3-5
BASIC FINANCIAL STATEMENTS	<u>Exhibit</u>	
Statement of Net Assets	A	6
Statement of Activities	B	7
Balance Sheet-Governmental Funds	C	8-9
Statement of Revenues, Expenditures and Changes In Fund Balance-Governmental Funds	D	10-11
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	E	12
Notes to Financial Statements		13-27
OTHER INFORMATION	<u>Schedule</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget to Actual- General Fund	1	28-30
SUPPLEMENTARY INFORMATION		
Schedule of Revenues, Expenditures and Changes in Fund Balance-Nonmajor Governmental Funds	2	31-33
Schedule of Revenues, Expenditures and Changes in Fund Balance-Workforce Investment Act	3	34-35
Schedule of Revenues, Expenditures and Changes in Fund Balance-Workforce Investment Act Contract #7-W-01-FR-0	4	36
Schedule of Revenues, Expenditures and Changes in Fund Balance Fiscal Agent for Coordinating Service Provider	5	37
Schedule of Revenues, Expenditures and Changes in Fund Balance Fiscal Agent for Coordinating Service Provider-Contract #7-W-01-FR-0	6	38-39
Schedule of Revenues, Expenditures and Changes in Fund Balance-Fiscal Agent for Coordinating Service Provider- Workforce Investment Act	7	40

TABLE OF CONTENTS (Continued)

Schedule of Expenditures of Federal Awards	41-43
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	44-45
REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	46-47
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	48-51
STAFF	52

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639
Oelwein, IA 50662
(319)283-1173
Fax (319)283-2799

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2012 and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Upper Explorerland Regional Planning Commission, as of June 30, 2012, and the respective changes in financial position for the year ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated February 9, 2013 on our consideration of the internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our

testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 5 and 26 through 28, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the eleven years ended June 30, 2011 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 2 through 8, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 9, 2013

Upper Explorerland Regional Planning Commission (UERPC) Management Discussion and Analysis as of June 30, 2012

Upper Explorerland Regional Planning Commission's (UERPC) mission is to promote regional cooperation and meet the planning and economic development needs of local governments. UERPC is a membership-supported organization of local governmental bodies in the northeast Iowa counties of Allamakee, Clayton, Fayette, Howard and Winneshiek. The sharing of information and the cooperation facilitated by UERPC has lead to economies of scale, greater efficiencies, and more uniformity in the delivery of services. Regional cooperation through UERPC allows the region to collectively undertake and seize upon opportunities with unified effort and pooled resources, thereby greatly improving opportunities and outcomes.

UERPC's management offers this narrative overview and analysis of the financial activities for the year ended June 30, 2012. UERPC administration and staff address significant known or anticipated events, conditions, trends and contingencies that may affect the agency since fiscal year-end and going forward. The financial statements of UERPC consist of the operations of Upper Explorerland Regional Planning Commission and of the Workforce Investment Act (WIA) program administered by UERPC. UERPC also acts as the fiscal agent for Region 1 Employment and Training, a district of Iowa Workforce Development; this program is listed in the audit as CSP. Not included in this audit are the Upper Explorerland Regional Housing Authority (RHA) and UERPC Housing, Inc., each of which is a separate entity and is therefore separately audited.

During FY 2012, UERPC hired a new Executive Director. This occurred in August. The new administration's focus is to sharpen its customer service approach to delivering services to the Region. To accomplish that goal, the agency developed an all inclusive marketing campaign. Some of those marketing efforts include: Facebook, Twitter, e-newsletter, success stories, and more. UERPC utilized its second location as a marketing tool to capture community involvement and needs with dual locations. UERPC also made important and significant strides to visit each of the 52 communities and 5 counties to educate them on UERPC's services.

Management also worked hard to strengthen the financial stability of UERPC – a fact reflected in these financials. On the revenue side, changes were made in the pricing of services offered by UERPC in order to more closely align pricing with the costs of delivering those services. The scope of services offered continues to expand. These two facts combined to result in a significant increase in revenue arising from "charges for service." UERPC has become recognized as an ideal vehicle for addressing issues that require a regional perspective, obtaining over \$184 million in grant funds since its establishment in November of 1972. More specifically, this fiscal year UERPC obtained over \$7,235,752 from grant funds for our various counties and communities. On the expense side, costs were contained through every available means, including the offering of a voluntary separation package to long-term employees and re-evaluating staff salary base pay. The merit system continues to be in place and works effectively resulting in

increased efficiency and improved morale among the most productive staff members while simultaneously containing overall payroll costs.

Financial Highlights:

Balance Sheet Summary (as found in Exhibit A of this report):

- The total assets of UERPC exceeded the liabilities at June 30, 2012 by \$2,140,048, increasing net assets by \$59,212 from June 2011.

	June 30, 2012	June 30, 2011	Net Change
Total Assets	\$3,884,511	\$4,146,180	\$261,669 decrease
Total Liabilities	\$1,744,463	\$2,065,344	\$320,881 decrease
Total Net Assets	\$2,140,048	\$2,080,836	\$59,212 increase

- For the period ending June 30, 2012, total revenues from operating grants, charges for services, and general revenues were \$4,052,813. Total expenses were \$3,993,601, providing an increase in net assets of \$59,212.
- Total revenue declined by 22.0% but total expenses declined by a slightly greater 22.2% from the 2011 fiscal year.

	Year Ended June 30, 2012	Year Ended June 30, 2011	Net Change
Revenue from Operating Grants	\$3,076,643	\$4,307,520	\$1,230,877 decrease
Revenue from Charges for Services	\$974,761	\$887,156	\$87,605 increase
General Revenue	\$1,409	\$2,519	\$1,110 decrease
Total Revenue	\$4,052,813	\$5,197,195	\$1,144,382 decrease
Total Expenses	\$3,993,601	\$5,139,618	\$1,146,017 decrease
Change in Net Assets	\$59,212	\$57,577	\$1,635 increase

Looking forward, fiscal year 2013 will prove to be yet another year of significant growth for UERPC. A number of programs and departments at UERPC are experiencing tremendous success. Program areas such as: comprehensive planning, economic development, and housing departments are continuing to see increased requests and project needs from communities. With the marketing campaign and educational training to our communities, these requests will continue in 2013.

Fiscal year 2013 will also be another year of challenges. UERPC management realizes that grant funding is likely to continue to decline going forward; UERPC's future success depends on its ability to continue to increase market share in providing services for which a fee can be charged. Many of the programs that have traditionally had greater stability of funding are now receiving or are threatened to receive lower funding levels. The low-income rental assistance program and workforce development programs are both experiencing decreases in funding. One program in particular, the Promise Jobs program, no longer exists under the auspices of UERPC.

In addition to affecting the balance sheet for UERPC during the period covered by this audit, the purchase of an office building in Decorah had a positive impact on cash flow for the organization and hopefully will continue in that direction for many years to come. UERPC again partnered with several agencies who became tenants in the building. This allowed UERPC to satisfy its desperate need for space without negatively impacting the budget. The rental income from our partners will significantly offset occupancy costs associated with the new building and will provide an annual source of unrestricted revenue funds for UERPC.

UERPC continues to defend the lawsuit filed in October 2010 by the City of Postville and a Postville City Council member, stemming from the Commission's vote to purchase the building in Decorah. Attorneys' fees for defense of the case are expected to exceed \$50,000. All charges against UERPC were dismissed in a ruling filed May 22, 2012; however, the plaintiffs appealed the case to the Iowa Supreme Court. It will likely be heard and ruled on before the end of fiscal year 2013.

This management analysis and discussion attempts to provide a summary view of the 2012 fiscal year as well as some insights into management's assessment of the opportunities and challenges UERPC may see in the 2013 fiscal year and beyond. The reader is encouraged to review these schedules and the audit report in its entirety.

Rachelle Howe
Executive Director
Upper Explorerland Regional Planning Commission

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF NET ASSETS
As of June 30, 2012

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	\$ 1,212,941
Certificate of deposit	-
Accounts receivable, federal sources	185,840
Accounts receivable, other	345,624
Interest receivable	7,200
Investments	42,066
Loans receivable	1,227,753
Fixed assets(net)	<u>863,087</u>
TOTAL ASSETS	<u><u>\$ 3,884,511</u></u>
LIABILITIES	
Accounts payable	\$ 196,972
Accrued interest payable	2,077
Accrued Real Estate Taxes	
Accrued Self Funding Health Claims	8,338
Accrued leave additive	76,576
Deferred income	119,313
Noncurrent liabilities:	
Due within one year:	
Loan payable	64,060
Due in more than one year:	
Loan payable	<u>1,277,127</u>
TOTAL LIABILITIES	<u><u>1,744,463</u></u>
NET ASSETS	
Investment in fixed assets (Net of Related Debt)	278,047
Reserve for Car Replacement	25,556
Fund balance:	
Restricted Fund Balance:	
HAWC	55,000
RLF	483,109
IRP	758,682
Unrestricted	<u>539,654</u>
TOTAL NET ASSETS	<u><u>2,140,048</u></u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 3,884,511</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
 YEAR ENDED JUNE 30, 2012

Functions / Programs:	Expenses	Program Receipts		Net (Expense)
		Charges for	Operating	Revenue and
		Service	Grants	Changes in
			Contributions	Net Assets
			Restr. Int.	Governmental
				Activities
Governmental activities:				
Salaries	\$ 1,088,632	506,164	614,321	31,853
Employee benefits	305,491	130,077	183,552	8,138
Travel and per diem	19,933	16,192	19,896	16,155
Contracted Service	44,519	45,211	2,252	2,944
Shared support	18,302	-	18,268	(34)
Conferences and training	801	-	168	(633)
Client Training	408,713	-	407,950	(763)
Other support	240,683	123,401	120,157	2,875
Equipment purchase/lease	12,167	-	4,602	(7,565)
Office/office supplies	2,337	-	334	(2,003)
In Kind Match	42,140	-	42,061	(79)
Allocated costs	284,438	151,301	142,736	9,599
Interest	7,936	-	7,921	(15)
Depreciation	2,258	2,415	-	157
Grants/Programs	1,515,251	-	1,512,425	(2,826)
Total governmental activities	\$ 3,993,601	974,761	3,076,643	57,803
General Revenues (Uses):				
Unrestricted interest				1,409
Total General Revenues				1,409
Change in Net Assets				59,212
Net assets beginning of year				2,080,836
Net assets end of year				\$ 2,140,048

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
GOVERNMENTAL FUNDS
BALANCE SHEET
June 30, 2012

	General	Special Revenue	
	Fund	CSP	RLF
ASSETS			
Cash and cash equivalents	\$ 344,600	1,851	251,955
Investments	42,066	-	-
Accounts receivable, federal	45,158	82,373	-
Accounts receivable, other	342,454	3,171	-
Interest receivable	-	-	2,881
Fixed Assets	-	-	-
Loans receivable	-	-	229,683
TOTAL ASSETS	\$ 774,278	87,395	484,519
LIABILITIES			
Accounts payable	\$ 42,980	87,395	1,410
Accrued interest payable	-	-	-
Accrued Self Funding	8,338	-	-
Health Claimd	-	-	-
Accrued leave additive	43,240	-	-
Deferred income	114,509	-	-
TOTAL LIABILITIES	209,067	87,395	1,410
FUND EQUITY			
Fund balance:			
Unassigned:	429,655	-	-
Committed:			
CGOI	110,000	-	-
Car replacement	25,556	-	-
Restricted:			
Restricted Fund Balance	-	-	483,109
Debt Reserve	-	-	-
Local Match	-	-	-
TOTAL FUND EQUITY	565,211	-	483,109
TOTAL LIABILITIES & FUND EQUITY	\$ 774,278	87,395	484,519

TOTAL FUND EQUITY PER EXHIBIT C

Total net assets reported for governmental activities in the statement of net assets are different from the amount reported above as total governmental fund's fund balance because: Capital assets used in government activities are not financial resources and hence not reported in the fund statements. Amounts reported for governmental activities in the statement of net assets: Governmental capital assets net of depreciation

Long term liabilities are not due in the current period and therefore not reported in the fund statements. Long term liabilities reported in the statement of net assets that are not reported in the fund balance sheet are:

Loans payable

NET ASSETS OF GOVERNMENTAL ACTIVITIES-EXHIBIT A

See notes to financial statements

EXHIBIT C

IRP	HAWC	WIA	Totals
541,363	45,971	27,201	1,212,941
-	-	-	42,066
-	-	58,309	185,840
-	-	-	345,624
4,319	-	-	7,200
-	-	-	-
988,510	9,560	-	1,227,753
1,534,192	55,531	85,510	3,021,425

17,286	531	47,370	196,972
2,077	-	-	2,077
-	-	-	8,338
-	-	33,336	76,576
-	-	4,804	119,313
19,363	531	85,510	403,276

-	-	-	429,655
-	-	-	110,000
-	-	-	25,556
-	-	-	-
1,083,729	55,000	-	1,621,838
81,100	-	-	81,100
350,000	-	-	350,000
1,514,829	55,000	-	2,618,149
1,534,192	55,531	85,510	3,021,425

\$ 2,618,149

863,087

(1,341,188)

\$ 2,140,048

See notes to financial statements

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-GOVERNMENT FUNDS
Year Ended June 30, 2012

REVENUES	General Fund	SPECIAL REVENUE		
		WIA	CSP	IRP
Intergovernmental:				
Federal	\$ -	16,693	2,028,258	-
State	-	-	39,769	-
Local	-	83,396	-	-
Miscellaneous:				
Interest	1,409	-	-	47,301
Other	969,349	-	-	3,337
Total revenues	<u>970,758</u>	<u>100,089</u>	<u>2,068,027</u>	<u>50,638</u>
EXPENDITURES				
Salaries	473,162	426,987	-	33,636
Employee benefits	121,596	139,007	-	5,058
Travel and per diem	-	14,676	-	-
Contracted services	42,263	-	-	-
Shared Support	-	18,302	-	-
Conferences and training	633	-	-	-
Client Training	-	408,713	-	-
Training Support	-	-	-	-
Office Rent	48,099	-	-	-
Legal	24,859	-	-	-
Professional Fees	26,472	-	-	-
Other support	19,150	108,451	-	-
Equipment purchase/lease	7,556	2,887	-	-
Office/ office supplies	2,002	-	-	-
In Kind Match	-	-	-	-
Allocated costs	141,436	72,025	9,059	8,262
Interest	-	-	-	7,936
Grants/Programs	-	-	968,009	-
Purchase of Fixed Assets	191,980	-	-	-
Depreciation	2,258	-	-	-
Long term debt principal	11,996	-	-	51,350
Total expenditures	<u>1,113,462</u>	<u>1,191,048</u>	<u>977,068</u>	<u>106,242</u>
NET REVENUES (EXPENDITURES)	(142,704)	(1,090,959)	1,090,959	(55,604)
OTHER FUNDING SOURCES (USES)				
TRANSFERS:				
General Fund	1,666	-	-	-
Special Revenue:				
WIA				
Fiscal Agent for CSP	-	1,090,959	(1,090,959)	-
Planning Commission	-	-	-	-
NET CHANGE IN FUND BALANCES	(141,038)	-	-	(55,604)
FUND BALANCE, beginning	<u>706,249</u>	<u>-</u>	<u>-</u>	<u>1,570,432</u>
FUND BALANCE, ending	<u>\$ 565,211</u>	<u>-</u>	<u>-</u>	<u>1,514,828</u>

See notes to financial statements

EXHIBIT D

RLF	Other Nonmajor Gov Fds	Total
-	642,962	2,687,913
-	23,675	63,444
-	173,638	257,034
15,893	531	65,134
489	700	973,875
<u>16,382</u>	<u>841,506</u>	<u>4,047,400</u>
7,436	147,411	1,088,632
2,043	37,787	305,491
-	5,257	19,933
-	2,256	44,519
-	-	18,302
-	168	801
-	-	408,713
-	-	-
-	-	48,099
-	-	24,859
-	-	26,472
4,772	7,159	139,532
-	1,724	12,167
-	335	2,337
-	42,140	42,140
5,295	48,361	284,438
-	-	7,936
-	547,242	1,515,251
-	-	191,980
-	-	2,258
-	-	63,346
<u>19,546</u>	<u>839,840</u>	<u>4,247,206</u>
(3,164)	1,666	(199,806)
-	(1,666)	-
-	-	-
-	-	-
<u>(3,164)</u>	<u>-</u>	<u>(199,806)</u>
<u>486,274</u>	<u>55,000</u>	<u>2,817,955</u>
<u>483,110</u>	<u>55,000</u>	<u>2,618,149</u>

See notes to financial statements

EXHIBIT E

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF ACTIVITIES
 For The Year Ended June 30, 2012

Net change in fund balances-total governmental funds governmental funds-Exhibit D	\$ (199,806)
--	--------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are depreciated over their estimated useful lives.

Expenditures for capital assets	195,672
---------------------------------	---------

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the statement of net assets. This is the amount by which proceeds exceeded repayments.

Debt proceeds	-
Principal payments	63,346

Change in net assets-Statement of Activities-Exhibit B	\$ 59,212
--	-----------

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

1) NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. Nature of Activities

Upper Explorerland Regional Planning Commission was created under Chapter 473A and 28E, State Code of Iowa as a regional planning organization to serve the counties of Allamakee, Clayton, Fayette, Howard, and Winneshiek, Iowa. The commission is governed by a Board of Commissioners appointed from the five counties.

The commission provides comprehensive studies and plans for the development of the five county area. Its programs are financed from federal and state grants and contracts, county appropriations, and interest earned on investments.

In addition, the commission administers various Community Development Block Grant programs and is responsible for administering the various programs established under the Workforce Investment Act and also provides special services in the form of printing, reproduction, and mapping.

The Commission through its Revolving Loan Fund programs and Intermediary Relenting Program makes low interest loans available to business in the five county area.

The Commission acted as Fiscal Agent for Iowa Workforce Development Department until April 1, 2012. Up to that time it performed accounting functions, and received and disbursed funds on behalf of the Coordinating Service Provider. It administered the Promise Jobs Program to assist welfare recipients in becoming self-sufficient. It provided employment and training opportunities for low-income individuals and other special groups. This was provided by offering assistance through classroom, pre-employment and on the-job-training.

After March 31, 2012 the Commission continued to act as a pass-thru agency for East Central Iowa Agency.

B. Measurement Focus and Basis of Accounting

The entity-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

are recorded when a liability is incurred regardless of the timing of related cash flows.

The governmental fund statements are reported using the current financial resources measurement focus and the modified

accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available in the current period or soon enough thereafter, sixty days, to be considered revenues of the current period. Expenditures are recorded when the related fund liability is incurred and is measurable except for principal and interest on general long term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long term debt and acquisitions under capital leases are reported as other financing sources.

C. Basis of Presentation

Commission-wide Statements—The Statement of Activities and Net Assets are reported in two categories:

Restricted Net Assets result when constraints placed on net asset use are either externally imposed or imposed by law, grant or contract.

Unrestricted Net Assets consist of net assets that do not meet the definition of the preceding category. Unrestricted Net Assets may have constraints on resources imposed by management or the board of directors, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

particular function. Other items not properly included among program receipts are reported instead as general receipts.

The Commission has no business-type activities or fiduciary funds.

Fund Financial Statements—Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as non-major governmental funds.

The Commission reports the following major governmental funds:

The General Fund is the general operating fund of the Commission. All receipts not allocated by law, grant or

contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs that are not paid from other funds.

The Special Revenue WIA Fund accounts for activities associated with providing job training and retraining programs.

The Special Revenue CSP Fund accounts for the receipts and disbursements of the Commission in its capacity as Fiscal Agent for Iowa Workforce Development Department Sources include grants from the federal government.

The Special Revenue IRP Fund accounts for the receipts and disbursements of the Intermediary Relending Program. The program makes low interest loans to businesses in the five county area.

The Special Revenue RLF Fund accounts for the receipts and disbursements of the Revolving Loan Fund. The program makes low interest loans in the five county area.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

D. Fund Equity-In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable-Amounts which cannot be spent either because they are in a non-spendable form, or because they are legally or contractually required to be maintained intact.

Restricted-Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or imposed by law through constitutional provisions or enabling legislation.

Committed-Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board through resolution approved prior to year end. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same action it employed to commit those amounts.

Unassigned-All amounts not included in other spendable classifications.

E. Cash Equivalents

The Commission considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2012.

F. Budgets and Budgetary Accounting

Upper Explorerland Regional Planning Commission does prepare financing and spending budgets for programs on a project basis. The Commission is not required to adopt a legal budget under state law.

G. Allocation of Fringe Benefits and Indirect Costs

WIA division of UERPC charges all payroll directly to grants based on actual expenditures in accordance with the Office of Management and Budget Circular A-87. Fringe benefits are distributed to the various grant/program areas based on total payroll percentages calculated any given month for the various grant program areas.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

The Commission division of UERPC allocates indirect costs to all grants in accordance with the Office of Management and Budget Circular A-87.

Fringe benefits are distributed to the various grant-program areas based on a total payroll percentage. Total payroll percentage is determined by first obtaining a percentage of the administrative staff charged directly to grant/program areas, and adding "pool salaries" which are allocated based on the direct salary percentage.

Indirect costs are allocated based on the direct payroll percentages.

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2.) FISCAL AGENT

Effective July 1, 1998, the Commission entered into a contract with Iowa Workforce Development Department, to act as Fiscal Agent. As the Fiscal Agent, the Commission will perform accounting functions and receive and disburse funds on behalf of the Coordinating Service Provider. They are to ensure compliance with applicable audit requirements on funds received under the contract, and to provide a report and accounting of all expenditures as they relate to the contract.

This contract terminated March 31, 2012.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

3) CASH AND CASH EQUIVALENTS

Cash and equivalents consists of deposits at financial institutions and certificates of deposits with a maturity of three years or less. Cash and cash equivalents by fund are as follows:

Commission	\$344,600
H.A.W.C	45,971
R.L.F	251,955
I.R.P	541,363
W.I.A	27,201
C.S.P.	<u>1,851</u>
	\$ <u><u>1,212,941</u></u>

The Commission's deposits beyond FDIC insurance are insured by Iowa under a Sinking Fund to insure public deposits under the authority of Chapter 12C, Code of Iowa and 781-13, Iowa Administrative code. This Fund insures public deposits in each individual bank up to the amount of that bank's total.

4) ACCOUNTS RECEIVABLE

Accounts receivable are shown at their gross amounts. No allowance for bad debts is shown due to the fact that it is believed that all receivables are collectable. Accounts receivable by fund is as follows:

Accounts receivable - federal:	
Commission	\$ 45,158
C.S.P.	82,373
W.I.A.	<u>58,309</u>
	<u><u>\$185,840</u></u>

Accounts receivable - other	
Commission	\$342,453
C.S.P	<u>3,171</u>
	<u><u>\$345,624</u></u>

5) INVESTMENTS:

The Commission has the following investments:

One hundred-fifty one units of Principal Financial Group, Inc.
at \$4,163.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

During year ended June 30, 2012 the Commission invested \$37,903 in Decorah Metronet (DMN). This is a Communications Service Agreement to assist and provide a cost-efficient approach to common telecommunications needs.

6) FIXED ASSETS

Fixed assets are recorded at cost and includes depreciable and non-depreciable assets. Non-depreciable assets include equipment purchased with grant dollars. Depreciable assets are depreciated over their estimated useful lives using the straight-line method of depreciation.

A summary of changes in general fixed assets follows:

	Balance June 30, <u>2011</u>	<u>Additions</u>	<u>Deletions</u>	Balance June 30, <u>2012</u>
Fixed Assets	\$779,876	197,928	-	977,804
Accumulated Depreciation	<u>86,426</u>	<u>28,291</u>	<u>-</u>	<u>114,717</u>
Net	<u>693,450</u>	<u>169,637</u>	<u>-</u>	<u>863,087</u>

The Commission had no capitalized interest costs for the year ended June 30, 2012.

7) LEAVE ADDITIVE EMPLOYEE BENEFIT

The Commission's leave additive consists of vacation leave and compensatory overtime earned. Leave additive is calculated monthly and charged to the various programs. A liability account is used to offset these charges. When leave time is actually taken, it is then charged against the leave additive liability account. The total leave additive charged to the programs for the year ended June 30, 2012, was \$94,542.

Accrued Leave Additive at June 30, 2012 was \$119,313.

8) PENSION AND RETIREMENT BENEFITS

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.38% of their annual salary and the Commission is required to contribute 8.07% of annual covered payroll. Contribution requirements are established by State statute. The Commission's contribution to IPERS for the year ended June 30, 2012 was \$90,362.

9)Medical Insurance/Health Alternative

Plan Description-The Commission operates a benefit plan which provides medical/prescription drug benefits for active and retired employees. There are 21 active and no retired members currently in the plan. The medical/prescription drug benefits are provided through a plan with Wellmark. The Commission self-insures and budgets 15% of the anticipated claims. Retirees would pay the same premium as active employees. Regular full-time employees are eligible for single coverage health insurance. Employees who deny coverage under the Commission's health insurance policy will be allowed to apply their amounts to a 457(b) tax sheltered annuity of their choice or to be included in their compensation.

In addition the Commission offers dental coverage for single employees and retired employees, and vision coverage for current and retired employees and their families.

Regular part-time employees (working a minimum of 1,560 hours per year) will be eligible for the medical insurance benefit according to hours worked. Regular part-time employees (working a minimum of 1,040 hours per year) will be provided a health alternative benefit according to hours worked. An employee who is laid off or resigns may continue coverage under the Commission's current medical insurance policy as provided by federal and state COBRA law in effect at the time of the lay off or resignation.

Funding Policy- The contribution requirements of plan members are established and may be amended by the Commission. The most recent active member monthly premiums for the Commission and

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

plan members are \$544 medical and the Commission pays all but one dollar of these premiums. In addition the Commission pay 100% for dental, \$36, and vision, \$7.

Family coverage is available and the cost to the employee is \$1,126 for medical, \$78 for dental and \$19 for vision.

Currently there are no retirees on the plan and the Commission would finance any retiree benefit plan at the same cost on a pay-as-you-go basis. For the year ended June 30, 2012 the Commission contributed \$169,791 to the plan.

10) SELF FUNDING MEDICAL EXPENSE

In a cost saving measure in regard to their insurance expenses the Commission started a Self-Funding account. The Commission accrued 7% exposure for the months August thru December 2010. For the months January thru May 2012 it accrued 15%. This brought the Self-Funding account to \$8,338. The account will remain at this amount until claims are processed against this balance. The Commission has a third-party administrator to handle claims.

The Commission did not pay out any funds during the year ended June 30, 2012.

10) ADVERTISING

Advertising costs are accrued as incurred. Advertising costs for the year were \$410 in the General Fund.

11) COST ALLOCATION PLAN

Upper Explorerland Regional Planning Commission has adopted a cost allocation plan to allocate indirect costs to the various programs. Any cost, which cannot be assigned directly to a program, is allocated based upon this cost allocation plan. Indirect costs allocated to the various programs for the year ended June 30, 2012, totaled \$274,847.

12) SUPPORT FROM GOVERNMENTAL UNITS

The Commission receives substantially all of its support from Federal, state, and local governments. A significant reduction in the level of this support, if this were to occur, would have a significant effect on the Commission's programs and activities.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

13) RESTRICTED FUND BALANCE

The Commission's Restricted Fund Balance is made up of the following:

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

Fund Balance-HAWC		\$ 55,000
Fund Balance-RLF		483,109
Fund Balance-Local Match	350,000	
Fund Balance-Loan Pool	327,582	
Fund Balance-Reserve for Bad Debt	<u>81,100</u>	
Total Fund Balance-IRP		<u>758,682</u>
TOTAL RESTRICTED FUND BALANCE-EXHIBIT A		<u>\$1,296,791</u>

See Note 17 for the amounts required for the Reserve for Bad Debts. These funds may be used only for the purpose of transferring to the General Operating Account amounts, not more than actual loan losses and to pay principal and interest on the IRP Promissory Note when there are insufficient funds in the General Operating Account.

Investment income derived from any account shall remain a part of such account.

14) CONTINGENT LIABILITY - SICK LEAVE

Commission employees accumulate sick leave hours for subsequent use. These accumulations are not recognized as expenditure by the Commission until used.

Sick leave is only payable when used and is not available to employees upon termination, retirement or death. After the maximum allowable sick leave of 720 hours (90 days) is accumulated, additional sick leave earned is then converted to annual leave at a 3 to 1 ratio. Three hours of sick leave earned is then equal to one hour of annual leave.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENT

15) LOANS RECEIVABLE

Loans receivable consist of the following:

Loans under the HAWC Program	\$ 9,560
Loans under the Intermediary	
Relending Program (See note 17)	988,510
Loans under the Revolving Loan	

Program (See note 18)	229,683
Exhibit A and C	<u>\$1,227,753</u>

16) UPPER EXPLORERLAND REGIONAL HOUSING AUTHORITY

The Commission contracts for the administration of Upper Explorerland Regional Housing Authority (hereinafter call "Authority"). This is a governmental organization that is an agent for landlords who rent housing facilities to low income individuals with assistance from the Federal government. The Authority operates in Allamakee, Clayton, Fayette, Howard and Winneshiek counties of northeast Iowa. Aaron Burkes, executive director of the Commission, is also the director of the Authority. The Commission bills the Authority for direct salaries, fringe benefits and overhead. During the fiscal year ended June 30, 2012, this amounted to \$246,536.

The Authority is audited separately and a report has been issued under separate cover.

17) INTERMEDIARY RELENDING PROGRAM (IRP)

On March 12, 1993, UERPC entered into a loan agreement with the U.S.D.A. The purpose of the loan is to provide "low interest financing to new and expanding business for which credit is not otherwise available or terms and conditions are not available which would permit completion and/or the successful operation of the proposed business activities." In order to secure this loan, UERPC received \$250,000 in capital contributions from the five counties it represents. The loan is for \$1,000,000 and will be for 30 years at one percent interest per annum. Principal payments were deferred for the first three years of the loan and the first amortized annual payment was made March 29, 1997. The balance of this loan at June 30, 2012, was \$436,001.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

On March 20, 2003 Commission entered into an agreement with Rural Development, United States Department of Agriculture for

an additional \$400,000 loan. In order to secure this loan the Commission had to contribute \$100,000. The loan is for \$400,000 and will be paid over 30 years at one percent interest per annum. Principal payments were deferred for the first three years. Interest only was paid on March 20 of the years 2004, 2005 and 2006. First payment of principal and interest was to be March 20, 2007, and thereafter on every March 20 for twenty seven years. The payment amount is \$16,980. The balance at June 30, 2012 was \$320,146.

As part of an "Amended IRP Revolving Fund Agreement", dated March 20, 2003 the parties have agreed to combine the two loans for purposes of establishing a Reserve for Bad Debt only. This Reserve for Bad Debt is based on the loans receivable and that loans receivable will approximate the original loan, or loans, plus intermediary contributions. Therefore when fully funded, the Reserve for Bad Debt should be approximately six percent of \$1,750,000 or \$105,000. Per the agreement the Commission should began to accumulate funds in the Reserve in accordance with their delinquency or loss records, so that the six percent requirement can be reached within three years. This Reserve is to be maintained at this level thereafter. The June 30, 2012 balance was \$81,100 which exceeds the required six percent of outstanding loans.

18) REVOLVING LOAN FUND (RLF)

In May, 1990, UERPC was awarded \$375,000 in Federal funds, by the Economic Development Administration (EDA) and then supplied a local match of \$125,000 to develop a \$500,000 Regional Revolving Loan Fund Program to promote business development. The Commissions' obligation to the Federal government continues as long as RLF assets, in the form of cash, receivables, personal and real property, and notes or other financial instruments developed through the use of the funds, continue to exist. The agreement states in part that "If EDA determines that a grant recipient is failing to meet his obligation, the Agency will assert its equitable reversionary interest in the RLF assets."

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

19) IN KIND MATCH

During the year the Commission had a Planning grant from the U.S. Department of Commerce for \$61,000. The grant called for a hard match of \$12,442 in cash and an in-kind match of \$42,140.

20) INDEBTEDNESS

There is a note with Waukon State Bank of Waukon, Iowa dated April 27, 2012 for \$600,000. The purpose of the note was to purchase a building in Decorah Iowa. Interest rate is 5.15%. Due date of note is April 15, 2026. There are one hundred seventy nine monthly payments of \$3,580.92 and a balloon payment of \$334,696.32 on April 15, 2026. Balance of note at June 30, 2012 was \$585,040.

There is a open end credit note with Waukon State Bank of Waukon, Iowa dated April 27, 2012 for \$125,000. Interest rate 5.49%. Due date of note is May 15, 2016. As of June 30, 2012 the Commission had not borrowed any funds on this loan.

There is a loan agreement with Rural Development, United States Department of Agriculture, with an original balance of \$1,000,000. Interest rate 1%. Payments are \$42,446 for thirty years. Balance at June 30, 2012 was \$436,001.

There is a loan agreement with Rural Development, United States Department of Agriculture with an original balance of \$400,000. Interest rate of 1%. Payments are \$16,980 for Thirty years. Balance at June 30, 2012 was \$320,147.

Maturity Schedule:

June 30, 2013	\$ 64,060
June 30, 2014	65,700
June 30, 2015	67,700
June 30, 2016	69,700
June 30, 2017	71,700
Subsequent Years	<u>1,002,327</u>
	<u>\$ 1,341,187</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

21) OPERATING LEASES

The Commission leases office space in New Hampton, Iowa on an annual basis. The current lease is \$425 per month and was terminated September 15, 2012.

The Commission has a two year lease for office space in Waukon, Iowa. The lease expires June 30, 2012. The lease is \$75 per month, but the Commission subleases space to Northeast Iowa Community Action Corporation for \$30 per month. Sublease is for twenty four months ending June 30, 2012. This lease was renewed July 1, 2012 for twenty-four months. Lease amount remained at \$75 per month. The sublease was also renewed July 1, 2012 for twenty-four months at the same \$30 per month.

The Commission has a two year lease for office space in Oelwein, Iowa. The lease expired June 30, 2012.

Rent is two payments of \$900 each, or a total of \$1,800 for the nine month period.

Future minimum lease payments are:

June 30,	New <u>Hampton</u>	<u>Waukon</u>	<u>Oelwein</u>
2013	\$1,063	900	400
2014	-	900	-
2015	-	-	-
	<u>\$1,063</u>	<u>1,800</u>	<u>400</u>

22) RELATED PARTY TRANSACTIONS

No related party transactions were noted.

23) IRP LOANS

IRP has three loans totaling \$259,109 which were delinquent at June 30, 2012. These same three loans were delinquent at June 30, 2011. Commission is attempting to collect.

24) RLF LOANS

RLF has three loans totaling \$29,056 which were delinquent at June 30, 2012. One delinquent loan for \$1,761 was paid subsequent to year end.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

In addition RLF wrote off one loan for \$4,772 as a bad debt for year ended June 30, 2012.

25) LITIGATION

A lawsuit has been brought against the Commission and several of its current and former board members. The lawsuit alleges that the Commission and its members violated Iowa's open meeting laws concerning three meetings in September, October and November 2009. Trial is set for early 2012. The Commission prevailed in a motion for summary judgment, and the case is on appeal to the Iowa Supreme Court. If the Commission were to lose this lawsuit it would be liable for damages for each violation and the payment of attorney fees, including plaintiff attorneys, and costs. Commission has insurance, the amount the insurance company would cover is not determinable at this time.

26) SUBSEQUENT EVENTS

The Commission has evaluated subsequent events thru February 9, 2012, the date which the financial statements were available to be issued.

The Commission hired a new Executive Director in August 2012.

OTHER INFORMATION

SCHEDULE 1

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2012

REVENUES	Actual	Amended Budget	Variance Favorable (Unfavorable)
Commission			
Per Capita	\$ 53,928	53,928	-
DOT Grant(STP,SPR,& FTA 5311 Funds)	62,201	81,079	(18,878)
DOT Grant (SRTS Funds)	29,726	45,375	(15,649)
EDA-Planning Grant	122,648	103,000	19,648
EDA AIM2WIN Grant	47,929	77,500	(29,571)
EDA Grant - NICC Wilder Project	-	8,335	(8,335)
CSP Fiscal Agent Fees	11,844	16,216	(4,372)
RWIB Secretarial Support	2,640	4,000	(1,360)
EPA Brownsfield Assessment Grant	98,442	129,000	(30,558)
EPA Brownsfield Petroleum Grant	64,255	98,900	(34,645)
Hazard Mitigation & Pre-Disaster Plans(28)	59,409	60,000	(591)
Comp Plan/Smart Planning	117,901	129,250	(11,349)
CDBG-Projects	48,608	80,000	(31,392)
Office of Energy Grants-(OFI)	15,636	55,000	(39,364)
Housing Grants-Projects	113,342	141,000	(27,658)
WIRB	11,267	16,000	(4,733)
Career Pathways	534	2,500	(1,966)
Regional Housing Authority Fees	246,536	198,261	48,275
Aparment Management Fees	21,537	20,000	1,537
Tenant-Based Rental Assistance	5,419	4,000	1,419
COG Assistance Grant	10,627	10,290	337
Jumpstart	-	2,500	(2,500)
EDSA and Strategic Plans(1)	-	1,000	(1,000)
Oelwein IRP Administration	4,148	10,000	(5,852)
Regional Housing Trust Fund	35,678	47,590	(11,912)
Fayette Co Hsg Trust Fund	15,659	10,000	5,659
NE Iowa Business Network	33,818	32,000	1,818
NE Iowa Food & Fitness	12,977	15,000	(2,023)
Technical Assistance Fees/Grant Prep	30,157	15,750	14,407
Interest	2,239	2,100	139
Rental Income	74,148	76,312	(2,164)
Tenant-Based Rental Assistance Program	63,354	50,000	13,354
Jumpstart Assistance-SFNP Program	54,561	150,000	(95,439)
Homeland Security Grant-Region 6	222,566	100,000	122,566
NE IA Business Network	63,090	80,000	(16,910)
Other	60,322	63,000	(2,678)
	<u>1,817,146</u>	<u>1,988,886</u>	<u>(171,740)</u>
HAWC			
Interest	531	-	531
Other	-	-	-
	<u>531</u>	<u>-</u>	<u>531</u>
IRP			
Interest	47,301	55,000	(7,699)
Other	3,337	-	3,337
	<u>50,638</u>	<u>55,000</u>	<u>(4,362)</u>

SCHEDULE 1

(continued)

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

RLF			
Interest	15,893	15,000	893
Other	489	-	489
	<u>16,382</u>	<u>15,000</u>	<u>1,382</u>
CSP			
Federal	2,028,358	2,096,906	(68,548)
State	37,758	47,089	(9,331)
Local	1,911	68,900	(66,989)
	<u>2,068,027</u>	<u>2,212,895</u>	<u>(144,868)</u>
WIA			
	100,089	842,306	(742,217)
	<u>100,089</u>	<u>842,306</u>	<u>(742,217)</u>
TOTAL REVENUE			
	<u>4,052,813</u>	<u>5,114,087</u>	<u>(1,061,274)</u>
EXPENDITURES			
Commission	Actual	Budget	Variance Favorable (Unfavorable)
Salaries	620,572	766,450	145,878
Employee Benefits	159,382	120,490	(38,892)
Contracted Service	48,393	63,500	15,107
Unemployment Compensation-Navigator	5,120	10,600	5,480
Travel & Per Diem	14,889	25,200	10,311
Car Replacement	5,407	9,120	3,713
Capital Improvement Reserve	-	15,000	15,000
Depreciation & Usage Fees	2,567	4,500	1,933
Office Rent/Supplies	50,435	2,500	(47,935)
Equipment Purchase/Lease	1,440	13,000	11,560
Conferences/Training	801	2,500	1,699
Advertising	410	1,500	1,090
Marketing	2,034	2,500	466
Dues & Subscriptions	410	3,000	2,590
Professional Fees	179,979	248,000	68,021
Legal/Filing Fees	24,931	40,000	15,069
Service Contracts/Maint Agreements	3,659	6,000	2,341
Printing and Reproduction	276	500	224
Repairs & Maintenance	2,028	3,000	972
Postage	1,111	1,500	389
Miscellaneous	2,105	500	(1,605)
Staff Development/Board Retreat	-	3,500	3,500
Mortgage Interest	-	10,500	10,500
Allocated Costs	189,266	240,065	50,799
In-Kind	42,140	42,000	(140)
Tenant Based Rental Assistance	54,806	50,000	(4,806)
Jumpstart	51,281	150,000	98,719
Homeland Security Grant Region 6	214,316	100,000	(114,316)
NE Iowa Business Network	74,835	80,000	5,165
	<u>1,752,593</u>	<u>2,015,425</u>	<u>262,832</u>
CSP			
Program Expenses	968,009	2,212,895	1,244,886
Administration	9,059	-	(9,059)
	<u>977,068</u>	<u>2,212,895</u>	<u>1,235,827</u>

SCHEDULE 1

(continued)

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
FUND BALANCE-BUDGET AND ACTUAL-GOVERNMENTAL FUNDS
For the Year Ended June 30, 2012

	Actual	Budget	Variance Favorable (Unfavorable)
HAWC			
Program Expenses	531	-	(531)
IRP			
Program Expenses	52,815	-	(52,815)
RLF			
Program Expenses	19,546	-	(19,546)
WIA			
Salaries & Benefits	604,046	662,646	58,600
Travel/Per Diem	14,676	15,000	324
Office Supplies-County Offices	1,496	500	(996)
Rent-County Offices	23,074	36,000	12,926
RSA Costs-County Offices	-	-	-
Telephone-County Offices	6,731	4,000	(2,731)
T-1 Computer Connection-Postville	4,546	4,625	79
Advertising	93	500	407
Audit Expense	3,500	3,500	-
Printing	1,229	2,000	771
Tuition Reimbursement	461	-	(461)
Equipment	2,887	7,000	4,113
Allocated Costs	72,025	94,400	22,375
Miscellaneous	882	5,000	4,118
Training & Testing Supplies	5,522	2,000	(3,522)
Workmans Comp	513	500	(13)
Unemployment Insurance	9,208	25,000	15,792
Shared support	18,302	-	(18,302)
Other Support	13,144	-	(13,144)
Client Training	408,713	-	(408,713)
	1,191,048	862,671	(328,377)
TOTAL EXPENDITURES	3,993,601	5,090,991	1,097,390
Excess of Revenues over Expenditures	59,212	23,096	36,116
Fund Balance, Beginning of Year	2,080,836	2,080,836	-
Fund Balance, End of Year	\$ 2,140,048	2,103,932	36,116

NOTE: Some Commission interfund budgeted amounts have been reclassified to Other since these interfund revenues and expenditures have been reclassified for clarity. Although IRP and RLF are part of UERPC their revenues and disbursements have not been eliminated since they have their own accounting system.

SUPPLEMENTARY INFORMATION

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2012

REVENUES	Total	HAWC	NE IA	Laborshop	Reg Mktg Alumni
	Nonmajor Gov Fds		Bus Net Admin		
Intergovernmental					
Federal	\$ 642,962	-	-	-	-
State	23,675	-	-	-	-
Local	173,638	-	33,818	29,400	15,000
Miscellaneous	-				
Interest	531	531	-	-	-
Other	700	-	-	-	-
Total revenues	841,506	531	33,818	29,400	15,000
EXPENDITURES					
Salaries	147,411	-	19,873	-	-
Employee benefits	37,787	-	4,855	-	-
Contracted service	2,256	-	-	-	-
Travel and per diem	5,257	-	255	-	-
Conferences and training	168	-	-	-	-
Other support	7,159	-	23	-	-
Equipment purchase/ lease	1,724	-	-	-	-
Office/Office Supplies	335	-	-	-	-
In Kind	42,140	-	-	-	-
Allocated costs	48,361	531	7,211	-	-
Long term debt principal	-	-	-	-	-
Interest	-	-	-	-	-
Grants/Programs	547,242	-	-	29,400	15,000
Total expenditures	839,840	531	32,217	29,400	15,000
NET REVENUES (EXPENDITURES)	1,666	-	1,601	-	-
TRANSFER FROM CSP	-	-	-	-	-
TRANSFER TO WIA	-	-	-	-	-
TRANSFER TO GENERAL FUND	(1,666)	-	(1,601)	-	-
FUND BALANCE, beginning	55,000	55,000	-	-	-
FUND BALANCE, ending	\$ 55,000	55,000	-	-	-

See accompanying independent auditor's report

[illegible]

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF REVENUES, EXPENDITURES
 and CHANGES IN FUND BALANCE
 WORKFORCE INVESTMENT ACT
 Year Ended June 30, 2012

	Total Contracts	Contract #7-W-01-FR-0	Career Pathways #7-W-PF-RR 4-09
REVENUES			
Intergovernmental			
Federal	\$ 16,693	-	-
State	-	-	-
Other	83,396	-	83,396
Total revenues	100,089	-	83,396
EXPENDITURES			
Programs-E.C.I.A.	-	-	-
Programs-I.W.D.	-	-	-
Programs-W.I.A.	1,191,048	692,097	83,396
Administration	-	-	-
Total expenditures	1,191,048	692,097	83,396
NET EXCESS REVENUES (EXPENDITURES)	(1,090,959)	(692,097)	-
TRANSFERS IN (OUT):			
Special Revenue:			
Commission	-	-	-
CSP	1,072,828	692,097	-
	1,072,828	692,097	-
NET EXCESS REVENUES AND TRANSFERS OUT	-	-	-
FUND BALANCE, beginning	-	-	-
FUND BALANCE, ending	\$ -	-	-

See accompanying independent auditor's report

SCHEDULE 3

Featherlite Trailers/ NEG #10-W-FR- 9F-0-02	Rockwell Summer NEG #11-W-FR- P1-1-22	Atwood NEG #10-W-FR- 9F-0-01	Green Grant 17.257	OJT NEG Program #11-W-FR- P1-0-05	Promise Jobs #9-W-01- FN-0
-	-	-	16,693	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	16,693	-	-
-	-	-	-	-	-
-	-	-	-	-	-
35,374	117,799	16,677	16,693	25,226	203,786
-	-	-	-	-	-
35,374	117,799	16,677	16,693	25,226	203,786
(35,374)	(117,799)	(16,677)	-	(25,226)	(203,786)
-	-	-	-	-	-
35,374	117,799	16,677	-	25,226	185,655
35,374	117,799	16,677	-	25,226	185,655
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-

See accompanying independent auditor's report

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
WORKFORCE INVESTMENT ACT CONTRACT # 7-W-01-FR-0
Year Ended June 30, 2012

	Total W.I.A. #7-W-01 FR-0	Admin- istrative	Adult	Dislocated Worker	WIA Incentive	Youth
REVENUES:						
Intergovernmental:						
Federal	\$ -	-	-	-	-	-
State	-	-	-	-	-	-
Total revenues	-	-	-	-	-	-
EXPENDITURES:						
Programs-W.I.A.	692,097	60,386	168,243	218,953	45,940	198,575
Total expenditures	692,097	60,386	168,243	218,953	45,940	198,575
TRANSFERS IN (OUT):						
Special Revenue:						
CSP	692,097	60,386	168,243	218,953	45,940	198,575
NET	-	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-	-

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE**
FISCAL AGENT for COORDINATING SERVICE PROVIDER
 Year Ended June 30, 2012

Schedule 5

Total Coordinating Service Provider	Contract #7-W-01-FR-0	Atwood/Dura NEG #10-W-FR- 9F-0-01	WIA NEG OJT #11-W-FR- P1-0-05	Featherlite Trailers #10-W-FR- 9F-0-02	Rockwell Automation #11-W-FR- P1-0-22	Promise Jobs #9-W-01- FN-0
		ARRA				
		17.260	17.260	17.260	17.277	93.558

REVENUES:

Intergovernmental

Federal	\$ 2,028,258	1,315,623	16,677	25,226	35,374	117,799	517,559
State	39,769	39,769	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total revenues	2,068,027	1,355,392	16,677	25,226	35,374	117,799	517,559

EXPENDITURES:

Programs-E.C.I.A.	886,354	572,581	-	-	-	-	313,773
Programs-I.W.D.	81,655	81,655	-	-	-	-	-
Administration	9,059	9,059	-	-	-	-	-
Total expenditures	977,068	663,295	-	-	-	-	313,773

NET EXCESS REVENUES
(EXPENDITURES)

1,090,959	692,097	16,677	25,226	35,374	117,799	203,786
-----------	---------	--------	--------	--------	---------	---------

TRANSFERS IN (OUT):

Special Revenue:

Planning Commission

WIA	(1,090,959)	(692,097)	(16,677)	(25,226)	(35,374)	(117,799)	(203,786)
	(1,090,959)	(692,097)	(16,677)	(25,226)	(35,374)	(117,799)	(203,786)

NET	-	-	-	-	-	-	-
-----	---	---	---	---	---	---	---

FUND BALANCE,
beginning

-	-	-	-	-	-	-	-
---	---	---	---	---	---	---	---

FUND BALANCE,
ending

\$ -	-	-	-	-	-	-	-
------	---	---	---	---	---	---	---

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
FISCAL AGENT for COORDINATING SERVICE PROVIDER
Contract # 7-W-01-FR-0
Year Ended June 30, 2012

	Total Contract 7-W-01- FR-0	Workforce Investment Act	Adminis- tration	IWD Promise Jobs
				93.558
REVENUES				
Intergovernmental				
Federal	\$ 1,315,623	1,264,678	-	13,570
State	39,769	-	9,059	-
Total revenues	1,355,392	1,264,678	9,059	13,570
EXPENDITURES				
Programs-E.C.I.A.	572,581	572,581	-	-
Programs-IWD	81,655	-	-	13,570
Administration	9,059	-	9,059	-
Total expenditures	663,295	572,581	9,059	13,570
NET EXCESS REVENUES (EXPENDITURES)	692,097	692,097	-	-
TRANSFERS IN (OUT):				
Special Revenue:				
Planning Commission	-	-	-	-
WIA	(692,097)	(692,097)	-	-
	(692,097)	(692,097)	-	-
NET EXCESS REVENUES AND TRANSFERS OUT	-	-	-	-
FUND BALANCE, beginning	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-

See accompanying independent auditor's report

SCHEDULE 6

General Fund- SurTax	Wagner Peyser	Unemployment Insurance	Disabled Veteran's Outreach	TAA	Offender	Career Readiness Certificate CRC
	17.207	17.225	17.801	17.245		
-	12,389	19,680	2,894	2,412	-	-
28,699	-	-	-	-	100	1,911
28,699	12,389	19,680	2,894	2,412	100	1,911
-	-	-	-	-	-	-
28,699	12,389	19,680	2,894	2,412	100	1,911
-	-	-	-	-	-	-
28,699	12,389	19,680	2,894	2,412	100	1,911
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

See accompanying independent auditor's report

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
**SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE**
FISCAL AGENT for COORDINATING SERVICE PROVIDER
WORKFORCE INVESTMENT ACT
Year Ended June 30, 2012

	Total Workforce Investment Act	Admin- istrative	Adult	Youth	Dislocated Worker	SWA
	17.258/.259/.260/.278		17.258	17.259	17.260/.278	17.260
REVENUES:						
Intergovernmental						
Federal	\$ 1,264,678	112,843	274,179	331,524	389,897	156,235
State	-	-	-	-	-	-
Total revenues	1,264,678	112,843	274,179	331,524	389,897	156,235
EXPENDITURES:						
Programs-E.C.I.A.	572,581	52,457	105,936	132,949	170,944	110,295
Total expenditures	572,581	52,457	105,936	132,949	170,944	110,295
TRANSFERS IN (OUT):						
Special Revenue:						
Planning						
Commission	-	-	-	-	-	-
WIA	(692,097)	(60,386)	(168,243)	(198,575)	(218,953)	(45,940)
	(692,097)	(60,386)	(168,243)	(198,575)	(218,953)	(45,940)
NET	-	-	-	-	-	-
FUND BALANCE, beginning	-	-	-	-	-	-
FUND BALANCE, ending	\$ -	-	-	-	-	-

See accompanying independent auditor's report

SCHEDULE 8

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2012

<u>Federal Grantor / Program</u>	<u>Federal CFDA Number</u>	<u>Grant Number</u>	<u>Program Expenditures July 1, 2011 to June 30, 2012</u>
<u>DIRECT:</u>			
<u>U.S. Department of Commerce:</u>			
Economic Development Planning Grant	11.302	05-83-04434	\$ 61,000
Title IX Economic Adjustment Program- Revolving Loan Fund	11.307	Perpetual	-
TOTAL DEPARTMENT OF COMMERCE			<u>61,000</u>
<u>U.S. Environmental Protection Agency:</u>			
Brownsfields Hazard	66.818	BF-98796001-1	98,442
Brownsfields Petroleum	66.818	97708101	<u>64,255</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>162,697</u>
<u>INDIRECT:</u>			
<u>U.S. Department of Transportation</u>			
Indirect passthrough Iowa Department of Transportation			
Federal Transit Administration-Trans.Plng	20.215	11257	49,759
Safe Routes to Schools	20.205	SRTS-000S(485)-2U-00	29,726
TOTAL DEPARTMENT OF TRANSPORTATION			<u>79,485</u>
<u>U.S. Department of Labor</u>			
Indirect passthrough ECIA Business Growth, Inc of Dubuque, Iowa			
Energy Training Partnership Grant			
Green Grant	17.257		16,693
			<u>16,693</u>
Indirect passthrough Iowa Workforce Development Department			
Wagner Peyser Employment Services	17.207	7-W-01-FR-0	<u>12,389</u>
Disabled Veterans Outreach Program	17.801	7-W-01-FR-0	<u>2,894</u>
Unemployment Insurance	17.225	7-W-01-FR-0	<u>19,680</u>
TAA-Trade Adjustment Assistance Workers	17.245	7-W-01-FR-0	<u>2,412</u>
Title I - Adult	17.258	7-W-01-FR-0	<u>274,179</u>
Subtotal - WIA Adult CFDA # 17.258			<u>274,179</u>
WIA Youth in School Formula	17.259	7-W-01-FR-0	<u>331,524</u>
Subtotal-WIA Youth Cluster CFDA #17.259			<u>331,524</u>
WIA Dislocated Worker	17.278	7-W-01-FR-0	389,897
SWA	17.260	7-W-01-FR-0	156,235
Featherlite Trailers	17.260	10-W-FR-9F-O-02	35,374
Atwood/Dura NEG	17.260	10-W-FR-9F-2-01	16,677
WIA OJT NEG	17.260	11-W-FR-P1-0-05	25,226
Rockwell Automation-NEG	17.260	11-W-FR-P1-0-22	117,799
Subtotal - WIA Dislocated Worker CFDA # 17.260			<u>741,208</u>
Title I - Administration-Adult/Youth/D.W.	17.258	7-W-01-FR-0	<u>112,843</u>
Subtotal - WIA Cluster CFDA # 17.258, 17.259, 17.260, 17.266 & 17.278			<u>1,459,754</u>
TOTAL DEPARTMENT OF LABOR			<u>1,513,822</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2012

SCHEDULE 8
Continued

	Federal CFDA Number	Grant Number	Program Expenditures July 1, 2011 to June 30, 2012
<u>U.S. Department of Health and Human Services</u>			
Indirect passthrough Iowa Workforce Development Department			
Promise Jobs	93.558	9-W-01-FN-0	517,559
IWD Promise Jobs	93.558		13,570
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>531,129</u>
<u>Federal Emergency Management Agency:</u>			
Indirect pass thru Iowa Department of Economic Development:			
Jumpstart-Pass Thru	14.228		15,031
Jumpstart-Admin	14.228		850
SFNP	14.228		36,250
SFNP-Admin	14.228		2,430
Tenant Based Rental Assistance(TBRA)	14.239		54,106
TBRA-Admin	14.239		8,547
TOTAL FEDERAL EMERGENCY MANAGEMENT			<u>117,214</u>
<u>U.S. Department of Homeland Security</u>			
Indirect pass thru Iowa Homeland Security and Emergency Management Division			
Iowa Homeland Security	97.067	2008-GE-T8-2008-006	222,566
TOTAL ALL FEDERAL PROGRAMS			<u>\$ 2,687,913</u>

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2012

SCHEDULE 8
Continued

NOTE 1-BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Upper Explorerland Regional Planning Commission and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic statements.

NOTE 2-SUBRECIPIENTS

Upper Explorerland Regional Planning Commission provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided</u>
Title I-Administration	17.258,17.259,17.260,17.278	\$ 52,457
Title I-Adult	17.258	105,936
WIA Youth	17.259	132,949
WIA Dislocated Worker	17.278	170,944
Set Aside, Incentive Awards	17.260	110,295
Promise Jobs	93.558	313,773
		<u>\$ 886,354</u>

See accompanying independent auditor's report

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639
Oelwein, IA 50662
(319)283-1173
Fax (319)283-2799

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Commission's as of and for the year ended June 30, 2012, which collectively comprise the Commission's basic financial statements listed in the table of contents, and have issued our report thereon dated February 9, 2013. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standard applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Commission's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described in Part II of the Findings and Questioned Costs, item II-A-12 to be a material weakness.

A significant deficiency is a deficiency, or combination in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in Part II of the Schedule of Findings and Questioned Costs, item II-B-12, to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

There are no comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2012. Since our audit was based on tests and samples not all transactions that might have had an impact on comments were not necessarily audited.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the Commission and other parties to whom the Commission may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Commission during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 9, 2013

RFSW Ridihalgh Fuelling
Snitker Weber & Co.
C E R T I F I E D P U B L I C A C C O U N T A N T S

James R. Ridihalgh, C.P.A.
Gene L. Fuelling, C.P.A.
Donald A. Snitker, C.P.A.

14 East Charles St, PO Box 639
Oelwein, IA 50662
(319)283-1173
Fax (319)283-2799

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND TO INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners
Upper Explorerland Regional Planning Commission
Postville, Iowa

Compliance

We have audited the compliance of Upper Explorerland Regional Planning Commission with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2012. Upper Explorerland Regional Planning Commission's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Upper Explorerland Regional Planning Commission's management. Our responsibility is to express an opinion on Upper Explorerland Regional Planning Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Upper Explorerland Regional Planning Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Upper Explorerland Regional Planning Commission's compliance with those requirements.

In our opinion, Upper Explorerland Regional Planning Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

The management of Upper Explorerland Regional Planning Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Upper Explorerland Regional Planning Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A control deficiency in the Commission's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Commission's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above.

This report is intended for the information of the audit committee, management and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

Ridihalgh, Fuelling, Snitker, Weber & Co., P.C.
RIDIHALGH, FUELLING, SNITKER, WEBER & CO., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

February 9, 2013

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

Part I-Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance, which is material to the financial statements.
- (d) Our audit procedures disclosed no reportable conditions in the major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings, which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Workforce Investment Act Grants with the CFDA Numbers 14.228,17.258,17.259,17.260, and 93.558 were audited as major programs.
- (h) The dollar threshold used to distinguish between Type A and Type B programs were \$300,000.
- (i) Upper Explorerland Regional Planning Commission qualified as a low-risk auditee.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2012

Part II-Findings Related to the Financial Statements

II-A-12 MATERIAL DEFICIENCY:

Segregation of Duties-One important aspect of internal control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. Posting of cash receipts, receipt of unopened bank statement and reconciliation of bank statement are all done by one individual.

Recommendation-We realize segregation of duties is difficult with a limited number of office employees. However, the Commission should review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response and Corrective Action Planned-We have reviewed procedures and plan to make changes to improve internal control to the best of our ability. We are looking at using part time personnel to perform some of the above functions.

Conclusion-Response accepted.

II-B-12 SIGNIFICANT DEFICIENCY:

Preparation of Financial Statements - Upper Explorerland Regional Planning Commission employs an accounting staff to produce in house financial information, but the accounting staff does not possess the technical expertise to prepare its financial statements (including footnote disclosures) in conformity with accounting principles generally accepted in the United States of America and GASB 34; therefore, it relies on its auditors to prepare such statements.

Response - UERPC feels that having the auditors draft the financial statements and notes from financial information produced by the Commission's accounting staff is a tolerable situation. Internal financial statements are prepared for reporting and decision making purposes. The

requirements and form of the audited statements are different than the internal needs and change occasionally. Given the size of the organization, it is helpful to rely on the expertise of the auditors to monitor those requirements.

Conclusion — Response accepted.

Part III: Findings and Questioned Costs: Major Federal Award Programs Audit

No matters were noted.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2012

There were no findings or questioned costs for the prior year ended June 30, 2011.

UPPER EXPLORERLAND REGIONAL PLANNING COMMISSION

This audit was performed by:

Don Snitker, CPA, Manager
James Remington, Staff